

I've discovered that the House is considering HB 5951, as well as a host of related bills which, among other things, will recognize "transportation network companies" and repeal the Act 271 of 1990 (the "Limousine Act"). I would strongly urge you to vote against this bill.

- 1.) The bill has essentially been drafted to benefit Lyft and Uber – their input on it is obvious. They are both companies that have repeatedly broken laws, disregarded Court decisions and legal communications, expressed their contempt (publicly) for public authorities, and flouted the law in multiple jurisdictions. Why would they now be rewarded with a specially tailored bill that legalizes their previous lawbreaking? Is this a way of dealing with such behavior that we want to encourage other companies to follow in the future?
- 2.) Their drivers are not insured in the same way and at the same standards as other vehicles-for-hire are. From my understanding, for the most part, their drivers are not informing their insurance companies that they are driving for Uber, Lyft or other "ride-sharing" (vehicle for hire) companies. Personal auto policies are almost all *VOIDED* if the policy holder engages in commercial activity in a vehicle covered by their personal policy. This means one of two things: either A.) The drivers are not informing their insurance companies (which I believe is the case for the most part), or B.) They are not covered any time they are not specifically providing a trip or on duty for Uber, Lyft, or others like them. This is a dumping of millions of dollars of potential liability on the public. At the very least, they should have to prove that their drivers are covered at all times: when they have a trip, when they are logged on and do not have a trip, *AND* when they are off duty. Right now this is not the case.
- 3.) By exempting them from regulations that other companies are obligated to follow, they are given an unfair competitive advantage. There is at present no evidence that their business model or their popularity would survive a level playing field. Despite their claims, when made to follow the same rules, they have usually withdrawn from a market or found other means to skirt the regulations. If they cannot compete when following the same rules as others in the industry – and this is where most or all of their advantage comes from – then they cannot compete: they should not be given special legal carve-outs. They are both vehicle-for-hire dispatching services that dispatch rides to drivers that may or may not be licensed: nothing more, nothing less. There are other companies out there who also have apps, flexible fleets of drivers, etc – and follow the law. These companies should not be disadvantaged by legislators falling prey to the well-financed spin of these companies.
- 4.) I would strongly urge you to view press accounts of both companies behavior. Among stories I have seen: Uber used "burner cells" and "burner credit cards" to order fake rides from Lyft; Lyft ostensibly did the same. An Uber executive suggested (supposedly in jest) that the company spend \$1 million to fund opposition research on journalists who were critical of the company. They sent someone from their senior security management team to spy on the TLPA by hiding his company affiliation – someone versed in counterterrorism. Lyft pulled out of Houston because they were going to have to license their drivers. Geico dropped Uber and Lyft drivers because they were misusing or being dishonest about their insurance. Uber drivers have attacked people

with hammers, led taxi inspectors on a high speed chase, had unwanted contact with a female passenger who had filed a complaint, driven another female passenger 20 miles from her destination (which they then described as “an inefficient route”), charged people 4-7 times the price for a return trip, and many others. These stories can be “Googled” on the Internet, and have come from multiple reputable sources. This is not even to mention the 6-year old girl who was killed by an Uber driver in San Francisco who had the “app” open but was not assigned a trip – a case Uber is now fighting in Court. How many of these instances do these companies need before they are taken seriously?

These issues should give any clear-thinking person pause. Ideally, any changes to the law should protect both public safety and provide a level, competitive playing field. At the least, any changes should not be the result of ramming through an ill-thought, heavily biased bill with myriad unforeseen consequences in a lame duck session. Please do what you can to make sure that this does not happen.

Sincerely yours,

John Heed
12/1/14

In the interest of full disclosure, I currently work with SelectRide in Ann Arbor, where I was previously COO. I am also President of a start-up software company which may work with companies in the vehicle-for-hire space – including those mentioned, as well as others. I have approximately 20 years of experience in the field of transportation, including serving as Fortune 500 Fleet Manager, designing and implementing the UM park-and-ride program (“Blue Crunch”), designing and implementing programs (some within 24 hrs.) for the Ann Arbor Area Transportation Authority (then AATA), served as Director of Business Development for a transportation software company, hold two patents in the field and am working on others which we expect to file shortly.